



# THE NEWS-DISPATCH

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## New civil suit targets ISTA

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INDIANAPOLIS - Health-care plans offered to local school districts like Michigan City Area Schools through the state's largest teachers union may have violated state law, according to a civil complaint filed Wednesday by Indiana Securities Commissioner Chris Naylor.

This suit is not related to a recently dismissed civil complaint that Rick Commers, Michigan City High School business math teacher, and four other area teachers brought against the Indiana State Teachers Association Financial Services Corp. and MetLife, said Jim Gavin, Secretary of State spokesman.

Secretary of State Todd Rokita said Wednesday the Indiana State Teachers Association ran a trust that was to be used for health claims and told school districts they would earn returns on any reserves. But Rokita said that money was mixed with long-term disability funds, and that the teachers' association cannot properly account for \$23 million intended for schools.

The complaint filed in Marion County Superior Court also said the association and the trust violated the Indiana Securities Act when they failed to register their employees as investment advisers, and making untrue statements or failing to disclose information about the financial health of the arrangement with schools.

In the complaint, Naylor seeks a court order to freeze all assets of ISTA, its Financial Services Corporation, Insurance Trust and other entities until all assets have been properly accounted for. Rokita said an independent party should determine a fair way to distribute any remaining money among school districts owed. The complaint should not disrupt claim payments to disabled teachers, he said.

ISTA spokesman Mark Shoup said legal staff members were looking into the complaint while the union tries to sort out the issue with school districts.

"We have not walked away from any of these problems," he said. "We're trying to work it out."

Whether Michigan City Area Schools invested in one of these plans as a school corporation has not been confirmed.

"I'm not able to share any information about individual school corporations at this time," Gavin wrote in an e-mail. "That's not information that we can disclose at this stage in the investigation."

Betsy Kohn, MCAS director of communications, said all comment on the issue was deferred to MCAS attorney William Kaminski. He was not available for comment Wednesday.

The National Education Association took over the state's 50,000-member teachers' association earlier this year after the state Department of Insurance said the ISTA Insurance Trust had a net worth of negative \$67 million. The trust paid long-term disability benefits to teachers in about 90 school corporations and health insurance in about 30 districts.

The Indiana State Teachers Association is suing former officials and financial advisers, saying they mismanaged the trust.

Commers' civil complaint, filed in U.S. District Court in Hammond, accused Mary Junglas, Uni/Serve director for district 1-C of ISTA who represents members of the Michigan City Education Association, of falsely portraying MetLife's teacher retirement plan as inheritable and misrepresenting the true cost associated with the investment. It also accused MetLife of paying Uni/Serve employees kickbacks for enrolling teachers in the plan. The case was dismissed in August because the plaintiffs were unable to provide evidence of their claims, and federal law restricts class action suits like this from being filed, anyway.

(The Associated Press contributed to this article.)

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